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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION, :  
Plaintiff, :  
vs. :  
ARASH DANNY MOLAYEM, :  
Defendant. :

Case No. 01-95649  
PLAINTIFF SECURITIES AND  
EXCHANGE COMMISSION'S  
COMPLAINT FOR INJUNCTIVE  
AND OTHER EQUITABLE RELIEF

CBM (3/2)

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FILED

Plaintiff Securities and Exchange Commission ("Commission"),  
for its Complaint against defendant Arash Danny Molayem, alleges as  
follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this action pursuant to  
Sections 20(b), 20(d)(1) and 22(a) of the Securities Act of 1933  
("Securities Act") [15 U.S.C. §§ 77t(b), 77(d)(1) & 77v(a)] and  
21(d)(3), 21(e) and 27 of the Securities Exchange Act of 1934

1 ("Exchange Act") [15 U.S.C. §§ 78u(d)(3), 78u(e) and 78aa]. Venue is  
2 proper in the Central District of California because a substantial  
3 part of the events or misrepresentations giving rise to the claims  
4 occurred in this District.

5 SUMMARY

6 2. From on or about August 1999 to November 1999, Arash Danny  
7 Molayem participated in a scheme with others, including Arash Aziz-  
8 Golshani, to manipulate the price of securities of several issuers  
9 for personal profit. With respect to each issuer, Molayem (a)  
10 purchased shares of the issuer at low prices; (b) after the purchase  
11 disseminated materially false and fraudulent messages about the  
12 issuer on Internet message boards in an effort to manipulate the  
13 price of the issuer's securities; (c) by his conduct affected the  
14 trading volume and price of the securities; and (d) sold his shares  
15 at a profit.

16 3. By his conduct, Molayem manipulated the price of publicly  
17 traded securities. By knowingly or recklessly engaging in this  
18 conduct, Molayem, directly or indirectly, violated, and, unless  
19 restrained and enjoined, may again violate Section 17(a) of the  
20 Securities Act [15 U.S.C. §77q(a)], Section 10(b) of the Exchange Act  
21 [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

22 4. In connection with the acts, transactions, and practices  
23 alleged herein, Molayem, directly or indirectly, made use of the  
24 means or instruments of transportation or communication in interstate  
25 commerce, or of the mails or of the facilities of a national  
26 securities exchange.





1 **Foodvision.com, Inc. (FVSN)**

2 17. On September 2 and 6, 1999, Molayem purchased 15,000  
3 shares of FVSN for a total purchase price of \$8871.09.

4 18. On September 13, 1999, Molayem and others posted  
5 materially false and fraudulent messages on Internet message boards  
6 about a deal between FVSN and Yahoo! and Excite.

7 19. On September 3 and 14, 1999, Molayem sold his shares of  
8 FVSN realizing a profit of \$221.00.

9 **JustWebit.com, Inc. (JTWB)**

10 20. JustWebit.com, Inc. is a Salt Lake City-based corporation  
11 whose shares are currently quoted on the National Association of  
12 Securities Dealers (NASD) Over the Counter Bulletin Board System (the  
13 "bulletin board"). under the symbol "JTWB."

14 21. On September 23-24, 1999, Molayem bought 4300 shares of  
15 JTWB at a cost of \$8214.95.

16 22. Between September 25-28, 1999, Molayem and others posted  
17 materially false and fraudulent messages on Internet message boards  
18 stating that a deal between JTWB and a company called Excite was  
19 imminent and would result in a substantial increase in the price of  
20 JTWB stock.

21 23. On September 28, 1999, Molayem sold his shares of JTWB  
22 realizing a profit of \$6108.54.

23 **1TWOE.COM, Inc. (TWOE)**

24 24. On or around October 26, 1999, Molayem purchased 27,500  
25 shares of TWOE.

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1 25: On October 27, 1999, Molayem and others posted materially  
2 false and fraudulent messages on Internet message boards regarding  
3 TWOE signing a "massive deal with major Cable firm this week."  
4 Between October 26 and 29, 1999, Molayem and others posted additional  
5 materially false and fraudulent messages regarding TWOE on Internet  
6 message boards.

7 26. On or around October 29-30, 1999, Molayem sold his shares  
8 of TWOE at a profit of \$2183.06.

9 **NEI Webworld (NEIP)**

10 27. On or about November 12 and 14, 1999, Molayem purchased  
11 30,000 shares of NEIP for a total purchase price of \$3500.

12 28. On November 12-14, 1999, Molayem and others posted  
13 materially false and fraudulent messages on Internet message boards  
14 claiming that NEIP was going to be acquired by a company called LGC  
15 Wireless, Inc.

16 29. On or about November 15, 1999, Molayem sold his shares of  
17 NEIP realizing a profit of \$5393.75.

18 **CLAIM ONE**

19 **(STOCK PRICE MANIPULATION)**

20 **Violation of Section 17(a) of the Securities Act**

21 **[15 U.S.C. § 77q(a)]**

22 30. Paragraphs 1 through 29 are realleged and incorporated  
23 herein by reference.

24 31. Molayem knew or was reckless in not knowing that his  
25 statements concerning the issuers identified above were materially  
26 false and misleading and, in addition, that posting those statements  
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1 on the various message boards would materially mislead investors as  
2 to the reliability of that information.

3 32. Molayem knew or was reckless in not knowing that the  
4 posting of the false information concerning the issuers identified  
5 above would affect both the price and volume of trading in the  
6 securities of the issuers.

7 33. Molayem, by engaging in the conduct described above,  
8 directly or indirectly, in connection with the offer or sale of  
9 securities, by the use of the means or instruments of transportation  
10 or communication in interstate commerce or by the use of the mails:

11 (a) employed devices, schemes, or artifices to defraud,

12 (b) obtained money or property by means of untrue  
13 statements of material facts or omissions to state  
14 material facts necessary in order to make the statements  
15 made, in the light of the circumstances under which they  
16 were made, not misleading, or

17 (c) engaged in acts, practices, or courses of business  
18 which operate or would operate as a fraud or deceit upon  
19 the purchasers of such securities.

20 34. By reason of the foregoing, Molayem, directly or  
21 indirectly, violated, and unless restrained and enjoined will  
22 continue to violate, Section 17(a) of the Securities Act.

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1 CLAIM TWO

2 (STOCK PRICE MANIPULATION)

3 Violation of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)]  
4 and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5]

5 35. Paragraphs 1 through 34 above are realleged and  
6 incorporated herein by reference.

7 36. Molayem, by engaging in the conduct described above,  
8 directly or indirectly, by use of the means or instruments of  
9 transportation or communication in interstate commerce, or by use of  
10 the mails, or of any facility of any national securities exchange, in  
11 connection with the purchase or sale of securities:

12 (a) employed devices, schemes, or artifices to defraud,

13 (b) made untrue statements of material facts or omitted to  
14 state material facts necessary in order to make the  
15 statements made, in the light of the circumstances under  
16 which they were made, not misleading, or

17 (c) engaged in acts, practices, or courses of business which  
18 operate or would operate as a fraud or deceit upon any  
19 person.

20 37. By reason of the foregoing, Molayem violated, and unless  
21 restrained and enjoined will continue to violate, Section 10(b) of  
22 the Exchange Act and Rule 10b-5 thereunder.

23 RELIEF REQUESTED

24 WHEREFORE, the Commission respectfully requests that this  
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1 Court:

2 I.

3 Issue an order permanently enjoining Molayem from violating  
4 Section 17(a) of the Securities Act, Section 10(b) of the Securities  
5 Exchange Act and Rule 10b-5 thereunder;

6 II.

7 Grant such other and further relief as this court may determine  
8 to be just, equitable and necessary, including, but not limited to,  
9 disgorgement.

10 Dated: December 13, 2000

11 Respectfully submitted,

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14 Luis R. Mejia  
15 Attorney for Plaintiff  
16 Securities and Exchange Commission

17 Local Counsel:  
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19 Of Counsel:  
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